



## TRANSFORMATION TRENDS—23 SEPTEMBER ISSUE

*“The war on terrorism does not supplant the need to transform DoD; instead, we must accelerate our organizational, operational, business and process reforms.”*

**Defense Secretary Donald Rumsfeld**

### Defense Trends:

**DSB Urges OFT Mission Expansion**—The Defense Science Board is recommending that the Pentagon “vest responsibility” for joint operational experimentation, ACTD’s, and technology transition with the “Director of Transformation,” according to the 1991 Summer Study. This change is part of a “new technology transition process” that includes expanded use of spiral development, independent red teams, and acceleration of the acquisition cycle. It is one of seven major recommendations contained in the report, an unclassified version of which was released in June. In forwarding the report, DSB chairman William Schneider said he endorsed all of the recommendations.

**Rumsfeld’s Top Priorities**—Transformation permeates Defense Secretary Rumsfeld’s priorities over the next year, according to a list of the top ten legislative areas for 2004. “Transform the Joint Force” is listed third, but other transformation-related priorities include strengthening joint warfighting capabilities; improving force manning; homeland security; and streamlining DoD processes like shortening PPBS and acquisition cycle time. “You should adopt the perspective that now is the time to change the way we operate,” Rumsfeld said.

**Intelligence Transformation**—The intelligence community must transform along with the rest of the government, Deputy Defense Secretary Wolfowitz told a Senate hearing 19 September. “There is no question that we need to recapitalize and introduce new sources of intelligence and novel methods of collecting and analyzing information,” he said. Data mining and “change detection” are key areas to be addressed. Other priorities include accelerating the speed at which information is given to policymakers; rethinking the intelligence coordination process; establishing a new Undersecretary of Defense for Intelligence; reducing excessive compartmentation of data.

**Bandwidth Challenges NCW**—The Navy’s evolution to a network centric force is being slowed by bandwidth limitations of deployed ships, according to a service summary of insights gleaned from Millennium Challenge-02. “Network Centric warfare and



information superiority are only possible with sufficient connectivity. Navy bandwidth limitations at sea have so far prevented full development of these concepts,” according to the summary. A key recommendation is to study the use of alternative commercial satellite capacity to expand the bandwidth capacity for ships at sea. The summary also recommended the Navy “participate aggressively” in joint experimentation to further understand emerging joint concepts.

**NATO Transformation Plans**— NATO’s Concept Development and Experimentation process is gaining momentum, with four centers already established and two others in the works, U.S. Navy Rear Adm. Richard Gallagher, a SACLANT official, said in an interview with *Defense News*. SACLANT is working closely with JFCOM, “the engine of change for the U.S. military” and a “similar effort is needed for NATO as well,” Gallagher said. A mid-October conference in Poland will address the next step for CDE.

**Homeland Security Department Evolutions**—If the establishment of DoD in the late-1940’s, is any guide, the proposed Homeland Security Department will likely undergo several iterations in coming years before the structure is finally ironed out, according to a paper by the Center for Strategic and Budgetary Assessments. DoD’s structure was amended in 1949, 1953, 1958 and 1986. In fact, combining 22 different entities together into the new Homeland Security Department “will likely create problems as well as solve them,” according to *Prospects for the Homeland Security Department: The 1947 Analogy*. “Addressing all of the challenges of homeland security will require energetic leadership... more resources, and greater reforms than are likely to be achieved in creating the Department of Homeland Security,” the study concludes.

**Defense Industrial Transformation**—Transformation may be much less disruptive on traditional defense companies than first thought, according to a new study from the Naval War College to be published in an upcoming issue of *Orbis*. “Leading sectors of the post-industrial economy are unlikely to displace established defense firms,” according to the paper. The authors assessed the areas of shipbuilding, UAV’s and systems integration, concluding “Network Centric warfare has the greatest potential for revolutionary change in the shipbuilding sector.” Leading commercial IT companies are likely to remain subcontractors to traditional defense firms.

**National Military Strategy**—Transformation emerges as one of the key pillars within the new *National Security Strategy of the United States of America*. The major institutions of national security were developed for a different era and a different world. “All of them must be transformed,” according to the strategy. The U.S. military “must be transformed to focus more on how an adversary might fight rather than on where and



when a war might occur.” Innovation will be exploited by experimenting with “new approaches to warfare” within the armed forces.

## **Business Trends:**

**Strategic Exploration**—Companies must find the lost art of exploration, the process of “identifying, evaluating and responding to whole new value-creating opportunities,” according to a paper by Rudy Ruggles at Cap Gemini Ernst & Young’s Center for Business Innovation. “The future belongs to the explorers” since the concept is “about breaking through knowledge gaps,” Ruggles said, to new areas or opportunities that a company may not be focusing on. This era of “strategic exploration” will be dominated by “adept business leaders, investigating new domains of knowledge...”

**Corporate Foreign Policy**—Against the backdrop of the global war against terrorism and a growing backlash against the perceived evils of globalization, multinational companies should develop “an internal corporate foreign policy to manage these risks intelligently,” according to an article in *Strategy + Business* from Booz Allen and Hamilton. Companies should reassess changes in laws and regulations, whether their relationships with specific groups internal to troubled nations should be re-looked, and make changes accordingly, the article said.

**Telematics’ Transformational Potential**—The capability to receive wireless information from vehicles and machinery will propel the telematics field into a whole new realm, according to a report from Accenture Technology Labs. The company estimates the market for telematics will mushroom to \$30 billion a year by 2008, compared to today’s estimated market of \$1 billion to \$5 billion. Accenture is exploring uses of the technology in cars; boats and warehouses.

**Sun Banks on N1**—Sun Microsystems is staking its future on a new N1 operating system, according to a recent article in *Business 2.0*. N1 is considered a kind of operating system for computer networks acting “like an Australian sheepdog corralling the unruly herd of corporate network components so that managing them...becomes a snap,” the article said. What N1 will actually be is still unclear since Sun has yet to determine what specific commercial products will flow from its development. “N1 is like the telephone industry moving beyond switchboards and operators to automatic switching,” says Sun CEO Scott McNealy.



**NOTE: Transformation Trends is provided as a means to highlight new and emerging issues in defense and commercial realms to key decision-makers and in no way constitutes endorsement or official recognition of any idea, concept or program.**

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